

Message Text

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65

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 NSC-05

SS-15 STR-04 CEA-01 /096 W
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FM AMEMBASSY BONN

TO SECSTATE WASHDC 5211

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

UNCLAS BONN 20494

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O 11652: N/A

TAGS: EFIN, GW

SUBJECT: BUNDESBANK ANNOUNCES 8 PERCENT GROWTH GOAL
FOR CENTRAL BANK MONEY IN 1976

1. THE CENTRAL BANK COUNCIL DECIDED TODAY IN ITS FINAL MEETING PRIOR TO THE NEW YEAR ON AN 8 PERCENT GROWTH GOAL FOR CENTRAL BANK MONEY IN 1976. THIS IS THE SAME GROWTH GOAL THAT WAS ANNOUNCED FOR 1975. THE 1975 GOAL, HOWEVER, MAY BE EXCEEDED BY ABOUT 1 1/2 PERCENT. THE BUNDESBANK STATEMENT ANNOUNCING THE DECISION NOTED THAT AT THE END OF 1975 AND ALSO IN EARLY 1976 THE ACTUAL GROWTH RATE OF CENTRAL BANK MONEY WILL BE HIGHER THAN 8 PERCENT SO THAT IN THE COURSE OF 1976 THE GROWTH RATE WOULD HAVE TO DECLINE IN ORDER TO MEET THE TARGET.

2. AN 8 PERCENT GROWTH GOAL FOR 1976 HAS BEEN
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RECOMMENDED BY THE COUNCIL OF ECONOMIC EXPERTS AND THE

FIVE GERMAN ECONOMIC RESEARCH INSTITUTES. ADDITIONALLY, ACCORDING TO PRESS REPORTS, THE FEDERAL CABINET AT ITS MEETING ON DECEMBER 17 (ATTENDED BY BUNDESBANK PRESIDENT KLASSEN AND DIRECTOR SCHLESINGER) ALSO SUPPORTED A 1976 GROWTH OF CENTRAL BANK MONEY AT 8 PERCENT. CERTAIN REPORTS MENTIONED THAT CHANCELLOR SCHMIDT AND FINANCE MINISTER APEL HAD RECOMMENDED A HIGHER THAN 8 PERCENT RATE OF GROWTH WHILE THE BUNDESBANK REPRESENTATIVES AND ECONOMICS MINISTER FRIDERICHS HAD PLEADED FOR A SLIGHTLY LOWER RATE. TODAY'S CENTRAL BANK COUNCIL DECISION MIGHT THEREFORE REPRESENT A COMPROMISE.
HILLENBRAND

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